

# EXHIBIT A

Page 77

Page 79

1 A No.

2 **Q And you don't recall --**

3 A As I read it today, you know, I can  
4 interpret that on the 5th and 6th of May there was an  
5 agreement about cooperation issues between the  
6 government and MakTel.

7 **MR. DODGE:** Number 18, please.

8 (Balogh [Exhibit 132](#) marked for purposes of  
9 identification.)

10 **BY MR. DODGE:**

11 **Q I'm handing you a document that's been**  
12 **marked Exhibit 132. [Exhibit 132](#) is an e-mail chain,**  
13 **three pages -- well, the total document is six pages.**  
14 **First three pages are an e-mail chain that are**  
15 **partially -- actually all in English. Bottom three**  
16 **pages are Hungarian originals with partially in**  
17 **Hungarian and partially in English.**

18 **The top e-mail of the e-mail chain --**  
19 **actually the bottom e-mail in the first page of the**  
20 **e-mail chain is from Andras Balogh dated May 17th,**  
21 **2005, to Peter Danko, Elek Straub, and Tamas Morvai.**

22 **Take a look, please, at [Exhibit 132](#) and**  
23 **tell me whether you recognize this e-mail chain?**

24 A (Witness reviewing document.)

25 Not that I specifically wrote this e-mail.

1 indicated below and between the government of --  
2 Republic of Macedonia represented by His Excellency,  
3 Mr. Vlado Buckovski and then on behalf of Matav  
4 represented by Elek Straub.

5 **If you look at the second page on the**  
6 **signature lines, over the signature line for Elek**  
7 **Straub, do you recognize that signature?**

8 A I do.

9 **Q And is that your signature?**

10 A Yes, it is.

11 **Q So did you sign this document on Mr.**  
12 **Straub's behalf?**

13 A That's right.

14 **Q Do you recognize the signature of**  
15 **Mr. Buckovski?**

16 A No.

17 **Q Okay. There are initials on both pages**  
18 **starting on the bottom left corner.**

19 **Do you recognize those initials?**

20 A Bottom left I recognize. This appears to  
21 be my initials.

22 **Q Okay. And then there's a series of**  
23 **initials on the bottom right.**

24 **Do you recognize those?**

25 A No.

Page 78

Page 80

1 I see my name on the e-mail. So I have no reason to  
2 believe that I have not sent it or received these  
3 e-mails.

4 **MR. DODGE:** I think I'm going to move on.  
5 21 and 22.

6 (Previously marked [Exhibit 11](#) for purposes  
7 of identification.)

8 (Previously marked [Exhibit 12](#) for purposes  
9 of identification.)

10 **BY MR. DODGE:**

11 **Q Mr. Balogh, I'm handing you two documents**  
12 **that have been previously marked Plaintiff's Exhibits**  
13 **11 and 12. Each of them is two-page document with the**  
14 **heading Protocol of Cooperation.**

15 **The first bears -- [Exhibit 11](#) bears the**  
16 **Bates numbers GREEK-MLAT-7 and 8. [Exhibit 12](#) has the**  
17 **Bates numbers GREEK-MLAT-9 and 10.**

18 **I'd like you to review those, please, and**  
19 **tell me if you've seen them before?**

20 A It appears to be signed Protocol of  
21 Cooperation.

22 **BY MR. DODGE:**

23 **Q So let's take a look at [Exhibit 11](#) first.**  
24 **And this is in the -- on the first page it says, this**  
25 **Protocol of Cooperation is entered into on the date**

1 **Q So tell me about the circumstances under**  
2 **which you signed Exhibit 11?**

3 **MR. SULLIVAN:** Object to form.

4 Can you narrow and refine that a little  
5 bit?

6 **MR. DODGE:** Okay.

7 **BY MR. DODGE:**

8 **Q The agreement is dated May 27th, 2005. Did**  
9 **you sign [Exhibit 11](#) on May 27th, 2005?**

10 A I don't remember on which day I signed this  
11 document. I do not remember the exact date. I have no  
12 reason to believe it wasn't on the 27th of May.

13 **Q Do you know where you were when you signed**  
14 **it?**

15 A I don't really remember, but, as I recall,  
16 you know, I vaguely remember it, and from the  
17 circumstances of this document I should have been or I  
18 must have been in -- somewhere in Macedonia to sign it.

19 **Q Okay. Did you sign this document together**  
20 **with Mr. Pejkovski?**

21 A Definitely not.

22 **Q And you're certain about that? So tell me**  
23 **about your recollection.**

24 A I'm pretty certain about that, because if I  
25 signed something with a prime minister, any prime

Page 81

Page 83

1 minister, I should remember that. The prime minister  
2 is somebody. I definitely do not remember signing  
3 anything with the prime minister.

4 **Q Do you know whether you signed this**  
5 **document before the prime minister or after the prime**  
6 **minister?**

7 A I can't say.

8 **Q Do you remember who also was with you when**  
9 **you signed the document?**

10 A I don't know.

11 **Q Were any of the Greeks with you?**

12 A I have no idea.

13 **Q After you signed it, after you signed**  
14 **Exhibit 11, what did you do with the document? Did you**  
15 **make a copy? Did you keep a copy?**

16 A As I told you, I don't remember.

17 **Q Do you know whether the only original of**  
18 **the -- of Exhibit 11 was taken by Mr. Kefaloyannis?**

19 A It could be that he could take the  
20 original, yes.

21 **Q Did you understand at the time that there**  
22 **were going to be no copies of the signed Protocol of**  
23 **Cooperation?**

24 A Well, the Greeks acted as a trusted third  
25 party in these negotiations. So it wasn't surprising

1 **your chief executive officer, Mr. Straub; is that**  
2 **right?**

3 A Yes. That's why it says PP.

4 **Q Did you bring a signed copy of the**  
5 **agreement back to Mr. Straub?**

6 A I can't remember if -- you know, if I had  
7 taken back a signed copy to the chief officer, then why  
8 did you say that the only copy was with Mr.  
9 Kefaloyannis. So most likely I did not.

10 **Q Wouldn't Mr. Straub expect to get a signed**  
11 **copy of the protocol --**

12 A I don't think so.

13 **Q -- if a document is signed under his name?**

14 A I signed it on his behalf, so.

15 **Q Did you have permission from Mr. Straub not**  
16 **to bring a signed copy back with you?**

17 A I had permission from Mr. Straub to sign  
18 the document on his behalf, obviously.

19 **Q Does -- is there a formal archive system**  
20 **exist at Magyar Telekom when you were there?**

21 A Yes. There are archive systems, yes.

22 **Q And was it part of that system that**  
23 **contracts entered into on behalf of the corporation**  
24 **were maintained in the archives?**

25 A That wasn't my responsibility to take care

Page 82

Page 84

1 that they take the original version as they were acting  
2 as kind of peacemakers between two parties, I mean,  
3 between MakTel and Magyar Telekom and the government of  
4 Macedonia. So it wasn't anything unusual.

5 **Q Did you keep a signed copy of the protocol?**

6 A I did not.

7 **Q Why not?**

8 A Because I did not need a signed copy of the  
9 protocol because I most likely had everything as an  
10 electronic version. The protocol was not a binding  
11 document, Mr. Dodge. I mean, I had no reason to keep  
12 it signed or not signed. It's a wish list.

13 It's more a memorandum of understanding  
14 than a proper contract for anybody, and, again, I gave  
15 you the big picture. More import is the general  
16 relationship between the company and the government  
17 than what is the exact form. That's a formality.

18 The real rationale behind is that we set  
19 forth the framework of cooperation, and, as I sit here  
20 today and I interpret what I see and my recollection  
21 whether it was signed or not, whether I had a signed  
22 copy or not, and the fact that you said that a signed  
23 copy was kept with the Greeks or Mr. Kefaloyannis, it's  
24 not surprising at all.

25 **Q Well, you signed this protocol on behalf of**

1 of maintaining contracts in the archives. First of  
2 all, the archives, if I remember, were electronic  
3 archives. No hard copy archives, and, second, such  
4 archives have been maintained by the legal department  
5 or the financial department.

6 Both the legal department and the financial  
7 department were involved in creating or drafting or  
8 finalizing these Protocol of Cooperation. That, in  
9 fact, was not a contract, Mr. Dodge. This is a  
10 memorandum of understanding.

11 **Q And did you get authorization from anybody**  
12 **in Magyar's in-house legal department or from the**  
13 **archives department to not -- not provide a written**  
14 **copy for the archives?**

15 **MR. SULLIVAN:** Objection to form.

16 Go ahead.

17 **THE WITNESS:** What authorization do you  
18 mean? I didn't get any authorizations from the legal  
19 departments. They were not supposed to authorize me to  
20 do this or that. They had a copy, so they kept it in  
21 the copy of their electronic files.

22 **BY MR. DODGE:**

23 **Q You said "they had a copy"?**

24 A They had a copy of the document. I didn't  
25 say they had a signed copy of the document. They had a

Page 89

Page 91

1 **Q** Okay. But the prime minister signed it?  
 2 A Yes.  
 3 **Q** And you signed for the CEO?  
 4 A Yes.  
 5 **Q** But notwithstanding that, your testimony is  
 6 the document wasn't important enough even to keep a  
 7 copy of; is that right?  
 8 A No, no, no, that's not what I'm saying.  
 9 You are misinterpreting what I said.  
 10 **Q** Then please clarify.  
 11 A I want to make it very clear, so I would  
 12 like to tell it in Hungarian.  
 13 **THE WITNESS:** (Speaking in Hungarian).  
 14 **THE INTERPRETER:** I signed the document in  
 15 the name of the chief executive officer. I don't know  
 16 when the document has been signed by the prime  
 17 minister.  
 18 **THE WITNESS:** (Speaking in Hungarian).  
 19 **THE INTERPRETER:** Consequently, I cannot  
 20 say with any certainty whatsoever that when I departed  
 21 from Macedonia there was already existing copy signed  
 22 by both individuals, meaning me and the Macedonian  
 23 party.  
 24 **THE WITNESS:** (Speaking in Hungarian).  
 25 **THE INTERPRETER:** The document was

1 **THE WITNESS:** (Speaking in Hungarian).  
 2 **THE INTERPRETER:** Since this is not a  
 3 contract. This appeared to be reasonable to us -- to  
 4 me.  
 5 **BY MR. DODGE:**  
 6 **Q** So would you -- when you came back to  
 7 Hungary from Macedonia, you knew that you did not have  
 8 a signed copy of the protocol?  
 9 A Mr. Dodge, I don't remember. I assume I  
 10 did not have the signed copy of the Protocol of  
 11 Cooperation because then I would have taken it with me  
 12 and I would have shown it to the CEO or the head lawyer  
 13 or whatever, and I cannot recall that that happened.  
 14 So I assume a signed copy was not with me when I left  
 15 Macedonia, but I don't remember.  
 16 **Q** But you know that later on other executives  
 17 at Magyar Telekom and at Deutsche Telekom asked you for  
 18 a signed copy and you had to explain why you didn't  
 19 have one; is that right?  
 20 A I don't know what kind of request do you  
 21 mean?  
 22 **Q** There was a request in Michael Gunther for  
 23 a signed copy of the agreement; is that right?  
 24 A I don't remember. Maybe there was.  
 25 **Q** And you had to explain to him why he

Page 90

Page 92

1 important. The document was an important document, and  
 2 it was mostly important because of what was included in  
 3 that document, the points that were brought up.  
 4 **THE WITNESS:** (Speaking in Hungarian).  
 5 **THE INTERPRETER:** The intent of signing  
 6 these documents, this document, was that it would be  
 7 almost like a guidance for activities towards the  
 8 future pointing toward future activities.  
 9 **THE WITNESS:** (Speaking in Hungarian).  
 10 **THE INTERPRETER:** This purpose, the  
 11 guidance, was indicative of future cooperation between  
 12 the parties.  
 13 **THE WITNESS:** (Speaking in Hungarian).  
 14 **THE INTERPRETER:** And in this regard it was  
 15 less important that we would have in our possession a  
 16 copy signed by both parties.  
 17 Presumably both the government, Macedonian  
 18 government and Hungarian Telecom was fully aware that  
 19 the legal -- the legalized copy signed by both  
 20 parties --  
 21 **THE WITNESS:** I didn't say "legalized".  
 22 **THE INTERPRETER:** I'm sorry.  
 23 The signed copy of this document would be  
 24 deposited with a trusted third party, in this case, the  
 25 Greeks.

1 couldn't have it; is that right?  
 2 A I don't remember.  
 3 **Q** Okay. Was there anything bad that would  
 4 have happened had you kept the sign copy?  
 5 **MR. SULLIVAN:** Objection. What do you mean  
 6 by "bad"?  
 7 **THE WITNESS:** Yes, what do you mean by  
 8 "bad"?  
 9 **BY MR. DODGE:**  
 10 **Q** Not good.  
 11 **MR. SULLIVAN:** What do you mean by "not  
 12 good". Did you have a particular issue that you want  
 13 to the explore?  
 14 **BY MR. DODGE:**  
 15 **Q** Would there have been any adverse  
 16 consequences to you or to Magyar Telekom that you were  
 17 aware of that provided a reason for not keeping a  
 18 signed copy of the protocol?  
 19 A Not at all. Not at all. We would have  
 20 been happy to keep a signed copy of the protocol.  
 21 **Q** What discussions did you have with the  
 22 Greeks about whether to keep a signed copy of the  
 23 Protocol?  
 24 **MR. SULLIVAN:** Objection to form.  
 25 **THE WITNESS:** I can't recall any

Page 93

Page 95

1 discussions about the details of how to keep these  
2 documents with the Greeks. They kept it. As I said,  
3 they were the trusted third party and they kept it.  
4 The fact is more important than the details about that,  
5 Mr. Dodge. I can't recall how and why and under what  
6 circumstances it was decided that they keep or where  
7 they keep it or how they keep it or when, I don't know.

8 **Q Okay. But you knew that the only original**  
9 **of the document would be kept with the Greeks?**

10 **MR. SULLIVAN:** Objection.

11 That's not his testimony.

12 **BY MR. DODGE:**

13 **Q Is that right?**

14 **A** I knew it at some point, but I don't know  
15 when. You know, not that the -- I can't specifically  
16 tell you when it became clear that there was one copy  
17 and that's kept with the Greeks. I don't know. I  
18 can't remember.

19 **Q Okay. But my at least June of 2005 you**  
20 **knew that the Greeks had the only signed version,**  
21 **right?**

22 **A** Mr. Dodge, you are asking me about dates, I  
23 don't remember.

24 **Q Okay. Can you think of any other important**  
25 **documents, important documents signed by a senior**

1 MakTel and government of Macedonia as business  
2 partners, as equity partners, and as a market player  
3 and the regulator.

4 **Q Did you ever describe the Protocol of**  
5 **Cooperation using the word "contract"?**

6 **A** I don't remember.

7 **Q What's the Hungarian word for "contract"?**

8 **A** (Speaking in Hungarian).

9 **Q Did you ever use that word to describe the**  
10 **protocol?**

11 **A** I don't know, Mr. Dodge.

12 **MR. SULLIVAN:** Can we have the interpreter  
13 spell that, for the record?

14 **THE INTERPRETER:** S-Z-E-R-D-O with the  
15 umlar S. S-Z-E-R-D-O.

16 **MR. SULLIVAN:** For the record, the document  
17 itself was found, has been found in the files of Magyar  
18 Telekom. That's what was initially retrieved.

19 **MR. DODGE:** Not the signed version of the  
20 document.

21 **MR. SULLIVAN:** The document itself.

22 **MR. DODGE:** But not the signed version's  
23 never been found in Magyar Telekom, unless you have  
24 information to the contrary.

25 **MR. SULLIVAN:** I don't have information

Page 94

Page 96

1 **officer of Magyar Telekom that would not have been kept**  
2 **in the files of Magyar Telekom?**

3 **MR. SULLIVAN:** Objection.

4 **THE WITNESS:** Can I think of it right now?  
5 Maybe there were these documents, but I can't think of  
6 them now, but if you give me enough time, maybe I will  
7 remember something?

8 **BY MR. DODGE:**

9 **Q Was it the ordinary practice in Magyar**  
10 **Telekom when a contract was entered on behalf of the**  
11 **company that the signed version of the contract would**  
12 **be kept in the archives?**

13 **A** Mr. Dodge, the responsible organization for  
14 keeping the contract with the legal department and/or  
15 the finance department, I don't even remember, but  
16 there was a system to keep contracts under the archives  
17 of Magyar Telekom that referred to contracts.

18 **Q Okay. So Protocol of Cooperation was not a**  
19 **contract?**

20 **A** I'm not a qualified lawyer to decide  
21 whether it's a contract or not. As an intention, I  
22 told you already many times, it was not. It was more a  
23 memorandum of understanding. It was a wish list. It  
24 was a roadmap for future cooperation. That's what it  
25 was. It set forth how we are going to work together as

1 whatsoever. All I'm saying is, these documents here  
2 were in the archives, whether the signed copies were in  
3 the archives, I don't have any knowledge.

4 **MR. DODGE:** Well, if you're making  
5 representations that Exhibits 11 and 12, signed  
6 versions of these were in the archives, than I'd like  
7 to know the basis of that.

8 **MR. SULLIVAN:** I have no information about  
9 the signed documents. These documents, documents  
10 described as the Protocol of Cooperation are in the  
11 archives. That's where they were originally retrieved.

12 **BY MR. DODGE:**

13 **Q Let's turn to Exhibit 12. This is Protocol**  
14 **of --**

15 **MR. SULLIVAN:** We need to take a quick  
16 break. It's almost 1:00 and let us know your plans for  
17 lunch.

18 **MR. DODGE:** Okay. Let's go off the record.

19 **THE VIDEOGRAPHER:** Going off the video at  
20 12:50 p.m.

21 (Recessed at 12:50 p.m. for lunch)

22 A F T E R N O O N S E S S I O N

23 (Reconvened at 1:53 p.m.)

24 **THE VIDEOGRAPHER:** We are back on the video  
25 record at 1:53 p.m., starting disk two.



Page 97

Page 99

1 **BY MR. DODGE:**

2 **Q Mr. Balogh, let's turn back to Exhibit 11.**

3 **I know I asked you to look at 12, but let's go back to**  
4 **11, the protocol that you signed?**

5 **A Yes.**

6 **Q And so, Mr. Balogh, turn to Exhibit 11.**

7 **You mentioned that you used the term "aspirational" to**  
8 **describe aspects of the protocol; is that right?**

9 **A I don't remember using the word**  
10 **"aspirational". I used, I think, "desired", but**  
11 **basically is the same word.**

12 **MR. BEDNAR: Did you also use the word**  
13 **"wish list" to describe the protocol?**

14 **THE WITNESS: Yes.**

15 **BY MR. DODGE:**

16 **Q Let's look at some of the terms. In**  
17 **paragraph 1 it begins on the first page of Exhibit 11**  
18 **it says, Matav agrees that MobiMak will expand its**  
19 **network coverage into Kosovo in order to assist an**  
20 **already an already existing mobile license holder to**  
21 **start operations as a mobile virtual network operator**  
22 **of MobiMak in Kosovo.**

23 **Do you see that?**

24 **A Yes.**

25 **Q And then in the next paragraph it says, the**

1 You're probably aware that Macedonia is a  
2 ethnically highly divided country to receive a war a  
3 few years back. And about one-third, probably more of  
4 the country is ethnic Albanian and two-thirds are  
5 sloves.

6 There was a strong intention to serve the  
7 Albanian community with their own mobile network as  
8 they wanted to have everything of their own.

9 The first idea of the MVNO operation refers  
10 to such a services that would provide service to ethnic  
11 Albanians in Macedonia and in Kosovo.

12 What I'm saying it's an aspirational target  
13 because there was no license to provide such a service  
14 in Kosovo. That would have been an unlicensed mobile  
15 operation. It's quite unlikely that a company like  
16 Magyar Telekom or MakTel could go into such a service  
17 without any problems, even though it was strongly  
18 encouraged by the Greeks who were participating in  
19 development of this Protocol of Cooperation and it was  
20 obviously desired by certain circles, forces, people  
21 businesses in Macedonia.

22 Now, the second paragraph of that refers to  
23 a different kind of MVNO. Something like that you have  
24 mentioned, which refers to the fact that if a third  
25 mobile license is issued in Macedonia for the whole

Page 98

Page 100

1 **government agrees with Matav -- and Matav also refers**  
2 **to Magyar Telekom; is that right?**

3 **A That's right.**

4 **Q The government agrees with Matav that only**  
5 **MVNO license maybe issued in Macedonia, and further**  
6 **it's introduction to subject to the joint written**  
7 **agreement of the parties.**

8 **Now, where it says only MVNO license, does**  
9 **that mean that there would not be a third mobile**  
10 **operator in Macedonia that had its own network?**

11 **A Basically interpreting these paragraphs**  
12 **today it clearly sets two kinds of MVNO operation. Are**  
13 **you familiar at all with the MVNO?**

14 **Q Yes.**

15 **A So the MVNO means that it uses another**  
16 **service providers physical assets to provide service**  
17 **somewhere. When I mentioned wish list or aspirational**  
18 **targets, paragraph number one is a very good example**  
19 **for that because it's Kosovo MVNO operation is**  
20 **definitely an aspirational target. The aspirational**  
21 **target of our Greek partners and our the aspirational**  
22 **target of certain Macedonian -- certain Macedonian**  
23 **people who believe that it would be a bad idea if a**  
24 **third mobile operator would come to market that would**  
25 **serve customers on an ethnic basis.**

1 country, not an ethnic basis, but for the whole  
2 country, than it would have been better for MakTel,  
3 i.e., it probably would have been better for the  
4 government as a shareholder of MakTel as well, that no  
5 traffic and revenue -- as little traffic and as little  
6 revenue is lost to a third competitor as possible,  
7 i.e., the physical assets of MobiMak can be used and  
8 the third operator would be an MVNO service provider.

9 **Q So the third recovery if there were to be a**  
10 **third operator in Macedonia under the protocol, it**  
11 **would operate based on a physical network that was**  
12 **owned by MobiMak; is that right?**

13 **A If you refer to the second paragraph here?**

14 **Q Second paragraph.**

15 **A Yes. Because the first paragraph is**  
16 **different. That physical network did not fully exist**  
17 **yet.**

18 **Q Okay. And the second paragraph says that**  
19 **only an MVNO license may be issued in Macedonia. Did**  
20 **you understand that to mean that there would not be a**  
21 **third license in Macedonia where the third operator had**  
22 **its own network?**

23 **A According to this Protocol of Cooperation,**  
24 **this is desired by the parties.**

25 **Q And in paragraph 2 it says, Matav agrees**

Page 101

Page 103

1 that MakTel would pay an increased dividend of euro  
2 95 million to its shareholders, i.e., 44.8 million for  
3 the government after the financial year 2004 and  
4 (declared irrevocably in May and payable in full within  
5 the shortest legally possible timeframe no later than 4  
6 July 2005).

7 Do you see that?

8 A Yes.

9 Q And was that a provision that was expected  
10 to be binding on Magyar Telekom and MakTel?

11 A Well, this was the desire, this was the  
12 request for double dividend payment. Earlier the  
13 dividend levels were higher. In order actually declare  
14 this dividend for direction set to be done, you know,  
15 like board approvals were needed and another approval  
16 process had to be followed within the company.

17 Q Well, but was your intention to actually  
18 comply with this provision and actually have the  
19 dividend paid? When I say "your" I mean Magyar  
20 Telekom?

21 A As one of the elements of the negotiation,  
22 this under certain circumstances, would have been  
23 acceptable for Magyar Telekom, yes.

24 Q Well, this was a key provision from the  
25 government's standpoint, right?

1 THE INTERPRETER: (Speaking in Hungarian).  
2 THE WITNESS: Could you explain?  
3 THE INTERPRETER: Could you repeat that,  
4 please?

5 BY MR. DODGE:

6 Q The sentence that we're talking about in  
7 paragraph 2 of Exhibit 11, it simply says that MakTel  
8 will pay this dividend within the shortest possible  
9 timeframe no later than July 4th; is that right?

10 THE INTERPRETER: (Speaking in Hungarian).

11 THE WITNESS: It says that Magyar Telekom  
12 will pay the increased dividend in order to pay this  
13 dividend for their actions have to be taken.

14 BY MR. DODGE:

15 Q And that's a vote of the board of  
16 directors, right?

17 A It's a vote of the board of directors, but  
18 probably not only one company, not only of MakTel but  
19 also of Stonebridge. So it's a multiple  
20 decision-making process.

21 Q But all with Magyar Telekom; is that right?

22 A No.

23 Q All within companies related to Magyar  
24 Telekom?

25 A Yes.

Page 102

Page 104

1 A The government found it extremely important  
2 because it was very important revenue source for the  
3 budget.

4 Q So was it your understanding that the  
5 government fully expected Magyar Telekom and MakTel to  
6 make this payment no later than the 4th of July 2005?

7 MR. SULLIVAN: Objection as to his ability  
8 to testify as to what the government expected.

9 THE WITNESS: It was obvious that they  
10 wanted, but, no, what they were exactly expecting and  
11 by what date, I cannot tell you.

12 BY MR. DODGE:

13 Q You knew what the agreement provided,  
14 right?

15 A You mean this agreement?

16 Q The Protocol of Cooperation?

17 A The Protocol of Cooperation is a framework  
18 for future cooperation set forth that Magyar Telekom  
19 would pay a double dividend.

20 Q And it's unequivocal, right, it simply says  
21 Magyar Telekom and MakTel will pay this dividend by  
22 this date?

23 A It's -- when you say the word?

24 Q Unequivocal.

25 THE WITNESS: Cannot be taken place?

1 Q All subject to the direction of Mr. Elek  
2 Straub who signed -- whose name is on the Protocol of  
3 Cooperation?

4 A What do you mean, direction of Elek Straub?

5 Q Well, if Mr. Elek Straub, or you on his  
6 behalf, signed this Protocol of Cooperation which says  
7 that MakTel will make these payments by this certain  
8 date, was Mr. Straub in a position to ensure that that  
9 happened?

10 A Elek Straub was in the position probably,  
11 and you have to ask him, you know, what kind of  
12 position he was; but I assume his position was to go  
13 with this intention to pay the 95 million. It wasn't  
14 his decision.

15 A lot of other parties have to be involved  
16 in making the final decision, like the board of  
17 Stonebridge, like the board of MakTel, and probably the  
18 finance department of Magyar Telekom, including people  
19 from Deutsche Telekom. This is a major cash out item,  
20 95 million euros. So it needs approval from other  
21 areas of the company as well.

22 Q All right. So this Protocol of Cooperation  
23 then is a pretty important document?

24 MR. KOENIG: I'm going to object.

25 THE WITNESS: As setting directions, it

Page 105

Page 107

1 could be said it's an important document, yes.

2 **BY MR. DODGE:**

3 **Q Okay. Now, the paragraph below that says,**  
4 **the shareholders -- it's still under number 2, but the**  
5 **second paragraph. The shareholders of MakTel and the**  
6 **companies -- oh, no, I'm sorry, I'm misreading it.**

7 **A A dividend for the subject -- for the**  
8 **subsequent financial year of the same level is subject**  
9 **to, one, the sole discretion of the shareholders of**  
10 **MakTel, and, two, the company's financial performance**  
11 **and condition on 31 December 2005 (payable during the**  
12 **first half of 2006) and, three, the reliability of the**  
13 **regulatory framework of the telecommunications market**  
14 **in Macedonia.**

15 **Now, this refers to the dividend for the**  
16 **2006 financial year; is that right?**

17 **A It doesn't appear to me. It appears to me**  
18 **it's the financial year 2005.**

19 **Q But it begins, a dividend for the**  
20 **subsequent financial year of the same level?**

21 **A Yes, the first year.**

22 **Q Okay, no, I'm sorry. The first year --**

23 **A 2004, and next is 2005.**

24 **Q I apologize. You're right.**

25 **Okay. So this is deal is with the dividend**

1 the regulatory framework is probably the stability of  
2 the regulatory framework. It's obvious that if a  
3 regulatory environment is not stable, but changing  
4 every day, then you can't plan your profits in advance.  
5 So if you can't plan your profits in advance, you can't  
6 plan your dividend either.

7 **Q So is this a reference to having**  
8 **appropriate bylaws enacted under the telecommunications**  
9 **law?**

10 **A Various regulations.**

11 **Q Including the bylaws?**

12 **A Including the bylaws.**

13 **Q So paragraph 3 says, Matav agrees that the**  
14 **MakTel group, i.e., MakTel and MobiMak, is willing to**  
15 **pay the frequency fee for the year 2004 on a pro rata**  
16 **basis and for the full 2005 year. The total amount pro**  
17 **rata 2004 and for year 2005 will be euro 2.4 million**  
18 **for the entire MakTel group, i.e., MakTel and MobiMak.**

19 **Now, is this -- was this sort of a wish**  
20 **list item, or is this a specific term, specific**  
21 **agreement?**

22 **A I think it's a very important item of this**  
23 **Protocol of Cooperation because the government at one**  
24 **point decided to increase the frequency fee very**  
25 **heavily, out of the blue, out of context, and out of**

Page 106

Page 108

1 **for the 2005 year, which would have been payable in**  
2 **2006; is that right?**

3 **A Normally, yes.**

4 **Q And would you regard this provision as**  
5 **something like a wish list on the part of the**  
6 **government?**

7 **A It's a wish list of both parties. I mean,**  
8 **you have to, again, put it into context. The dividend**  
9 **is an amount that can be paid from the profit or an**  
10 **accrued profit of a company. If the company's**  
11 **financial performance is less good, obviously, less**  
12 **dividend can be paid.**

13 **It obviously depends on other factors as**  
14 **well. That's why this stipulation probably says, and I**  
15 **can only assume now, that it's a discretion of the**  
16 **shareholders of MakTel, that includes the government**  
17 **and that includes Magyar Telekom as well.**

18 **Q Okay. And in one of the conditions of the**  
19 **payment was the reliability of the regulatory framework**  
20 **of the telecommunications market in Macedonia; is that**  
21 **right?**

22 **A According to the text, yes.**

23 **Q And you signed this agreement, right? Did**  
24 **you have a different understanding?**

25 **A No. What it means is the reliability of**

1 any European standards or levels. The frequency fee  
2 was increased dramatically.

3 **I remember, you know, the ballpark of**  
4 **around 10 million euros overall was the financial**  
5 **impact that we were calculating for the foreseeable**  
6 **year.**

7 **Now, as a part of this negotiation package**  
8 **was, obviously, a bargaining process to reduce that**  
9 **unrealistic and unreasonable frequency fee. So it was**  
10 **a wish of Magyar Telekom and MakTel in that respect,**  
11 **directly or indirectly, to reduce the frequency fees;**  
12 **however, the frequency fee is, if I recall well, is an**  
13 **amount that's invoiced by one of the organizations of**  
14 **the government, requires again further decision-making.**

15 **That's why I said, it's not a binding**  
16 **document, you know, it's not a contract. It's not**  
17 **binding. These are ideas that needs further work,**  
18 **further stipulations. A lot of details are needed to**  
19 **basically execute all of these framework ideas?**

20 **Q Okay. But once the protocol has been**  
21 **signed, did people at Magyar Telekom expect that this**  
22 **was the amount the frequency fee that Magyar was going**  
23 **to be paying?**

24 **A I hoped, you know.**

25 **Q Hoped?**



Page 109

Page 111

1 A Yes.

2 **Q** Okay. On the second page, the top of the

3 page it says, further the government and Matav agree

4 that the shareholders assembly meeting of MakTel would

5 take place on 30 May 2005 to approve the payment of

6 euro 95 million.

7 Was that a hope or was that a specific

8 commitment?

9 A Matav agree that the shareholder assembly

10 meeting will take place, and, you know, it's just

11 setting a date.

12 **Q** But the date is only three days after the

13 protocol is signed, right?

14 A Yes.

15 **Q** Do you think that government of Magyar --

16 the government of Macedonia was entitled to assume that

17 the meeting would actually happen?

18 A I don't know when this meeting happened.

19 **Q** Okay. Paragraph 5 says, rebranding, the

20 government agrees to MobiMak and MakTel could be

21 renamed to T-Mobile of Macedonia and/or T-Com Macedonia

22 respectfully at Matav Deutsche Telekom's discretion.

23 Was that a wish list or is that a

24 commitment on the part of the government?

25 A It was a wish list from Magyar Telekom's

1 **Q** Paragraph 6 says, the bylaws we brought in

2 a previous consultation with MakTel/Matav, that GOM

3 will accept all proposals for the bylaws which will be

4 given by MakTel/Matav and which provide an equal and

5 fair treatment on the market and are in accordance with

6 the law and the European practice.

7 Now, was that a commitment on the part of

8 the government, or was that more of a wish list for

9 MakTel?

10 **MR. SULLIVAN:** If it will expedite the

11 process, the witness has testified the protocol here is

12 a wish list. If you want to go through each and every

13 provision of it asking him the same question over and

14 over, it's your time.

15 **THE WITNESS:** It was a wish list. As you

16 see, it says, which provide an equal and fair treatment

17 on the market in our accordance with the law and the

18 European practice. What law? What European practice?

19 What are the details? What are the exact features,

20 factors, and elements of that. It's not set forth in

21 this document. We don't know. It's a wish list.

22 **BY MR. DODGE:**

23 **Q** Okay. Once the protocol was signed, you

24 couldn't be confident that you would actually get the

25 bylaws that you wanted?

Page 110

Page 112

1 side. The government did not want this ending. They

2 thought it was a bad idea because it would reduce the

3 brand value of Macedonia. You know, for that country

4 the name is very important.

5 **Q** They did not want the rebranding of MakTel?

6 A They did not want rebranding of MobiMak.

7 **Q** Of MobiMak?

8 A Yes.

9 **Q** Okay. So this was a concession on the part

10 of the government?

11 A You could say that it was, again, setting a

12 direction that the parties will or would like to agree

13 that the rebranding would take place. It's still a

14 wish list. It's not anything, you know, carved in

15 stone.

16 **Q** Okay. And --

17 A You needed to implement the rebranding, you

18 know that. You need a big budget to do that. It's a

19 long process. You need decisions again to do this

20 rebranding. It's also a wish list from MakTel's side

21 because the budget to do such rebranding should be

22 provided by T-Mobile.

23 **Q** And so --

24 A As they operated everywhere in Europe where

25 they operate.

1 A You could not possibly know what's going to

2 happen. It needed further work.

3 **Q** Paragraph 8 says, the government shall

4 ensure that the relevant authorities register Matav as

5 the sole shareholder of Stonebridge and Telemacedonia

6 within eight days after the date of this protocol.

7 Was that something that you expected the

8 government to do?

9 A I'm not sure where you are now.

10 **Q** Paragraph 8.

11 A Yes. Probably this was an issue as well.

12 **Q** Did you expect the government to --

13 A I mean, mr. Dodge, I vaguely remember this

14 problem with Stonebridge and Telemacedonia. I think

15 they were not fully registered by the Court, I mean,

16 the corporate court, the company court in Macedonia,

17 and if they're not registered then deciding about the

18 dividend would have been a problem because the actual

19 shareholder, the owner of the shares, on Magyar Telekom

20 side is Stonebridge. If it's not registered, how could

21 it set dividend? How could it define the dividend,

22 declare the dividend?

23 So, again, it's a wish list because without

24 that it's not going to happen.

25 **Q** But -- well, the sentence says that the

Page 113

Page 115

1 **government will register Matav as the sole shareholder**  
2 **within eight days?**

3 A No. It says the government shall ensure  
4 that the relevant authority register Matav.

5 Q Okay. Did you expect the government of  
6 Macedonia to do that within eight days?

7 A No, because it's a court -- it's a company  
8 court. The company court should be independent of the  
9 government, I think. So it says ensure. I mean, we  
10 are talking about the document that had been written by  
11 nonEnglish native people, neither side.

12 So what the government shall ensure means  
13 for me that the government should make everything.

14 Q Let's turn to [Exhibit 12](#) which is the  
15 second Protocol of Cooperation.

16 And, first, can you tell me, have you seen  
17 this document before?

18 A I can't recall if I saw this specific  
19 document before.

20 Q Do you know when this was signed?

21 A No.

22 Q Do you know whether it was signed, before  
23 or after the Exhibit 11?

24 MR. SULLIVAN: Objection, asked and  
25 answered.

1 A I recognize the one signature.

2 Q Which one is that?

3 A Elek Straub, chief executive officer.

4 Q The one above the signature line from Mr.  
5 Mehazi you don't recognize?

6 A No.

7 Q Did you have any conversations with  
8 Mr. Straub about the execution of Exhibit 12?

9 A What does "execution" mean?

10 Q The signature of it, the signing of it.

11 A I don't remember such a conversation.

12 Q Did you know in the spring or summer of  
13 2005 that the only original of [Exhibit 12](#) would be  
14 maintained with the Greeks?

15 A I don't remember.

16 Q So you don't remember now or you didn't  
17 know then?

18 A I mean, I don't remember now. What I did  
19 know then, you know, that was then, maybe I knew it  
20 then, but I don't remember now what I remembered then  
21 because that was nine years ago. It's quite obvious,  
22 isn't it?

23 (Previously marked [Exhibit 33](#) for purposes  
24 of identification.)

25 BY MR. DODGE:

Page 114

Page 116

1 THE WITNESS: I can't recall.

2 BY MR. DODGE:

3 Q Do you know if it was signed before or  
4 after?

5 MR. SULLIVAN: He said he didn't know.

6 MR. DODGE: Please allow the witness to  
7 answer.

8 MR. SULLIVAN: Don't badger. You're asking  
9 questions that have already been answered. Let's move  
10 this process along.

11 MR. DODGE: He has not answered.

12 MR. SULLIVAN: He said he had no idea when  
13 it was signed. Maybe I misunderstood.

14 If you want to try it again, I'm happy to  
15 have you do so.

16 MR. DODGE: Well, you testified over his  
17 answer?

18 BY MR. DODGE:

19 Q Mr. Balogh, please answer the question.

20 A What question?

21 Q Do you know whether [Exhibit 12](#) was signed  
22 before or after Exhibit 11?

23 A I don't know.

24 Q Do you recognize the signatures on the  
25 second page of Exhibit 12?

1 Q I'm handing you a document that's been  
2 marked Exhibit Number 33, and this is a -- first page  
3 is an is e-mail from Andras Balogh to Tamas Morvai  
4 dated May 31st, 2005. The text is in Hungarian. The  
5 second page is an English language translation  
6 apparently prepared by White and Case.

7 The next two pages are Bates numbers MT-MAK  
8 1049399 and 400 appear to be an attachment to the  
9 e-mail with the heading agenda written in Hungarian.

10 The last two pages that -- same Bates  
11 numbers, appear to be an English language translation  
12 and Hungarian attachment.

13 Just focusing on the Hungarian portions of  
14 Exhibit 33, Mr. Balogh, can you tell me whether you can  
15 identify the e-mail on the first page of Exhibit 33?

16 A I don't remember writing this e-mail.

17 Q Do you have any reason to doubt that you  
18 sent this e-mail to Mr. Morvai on or about May 31st,  
19 2005?

20 A I see my name written on it, and I have no  
21 reason to doubt it.

22 Q Okay. Can you turn to the fourth page in  
23 Hungarian with the heading, agenda, and then the page  
24 following that. Can you identify this two-page  
25 document?

Page 141

1 six-month intervals; is that right?

2 A It appears so, yes.

3 Q So why would three years were the frequency

4 fees being paid in six-month intervals over a year and

5 a half?

6 A It depends on how they are invoiced.

7 Obviously for the first year, for the 2004 the

8 frequency fee had not been invoiced yet because that's

9 the price they wanted to increase. In fact, they also

10 wanted to increase retroactively the 2003 frequency

11 fee, but I can't recall these details, Mr. Dodge. So I

12 don't know.

13 Q Well, but the bullet point says, the

14 original agreement was for 10 million euros. Did

15 Magyar Telekom ever agree to pay 10 million euros in

16 frequency fees?

17 A No.

18 Q So when you wrote the original agreement

19 you were referring to something that was not an

20 agreement but more like a demand for the government; is

21 that right?

22 A Yes.

23 Q Okay. Is that -- is that demand reduced to

24 writing anywhere that you're aware of to pay 10 million

25 euros in frequency fees in these installments?

Page 142

1 A Could you repeat the question?

2 Q Is there anything in writing that you're

3 aware of that reflects a demand by the government of

4 Macedonia to pay 10 million euros in frequency fees in

5 these installments?

6 A Not that I'm aware of.

7 Q So -- but if that were a demand, by this

8 time it would have been a demand that Magyar Telekom

9 had rejected, right?

10 A It was a part of the discussion to reduce

11 this frequency fee.

12 Q Well, by this time the Protocol of

13 Cooperation has already been signed, right?

14 A But the initial request for -- request

15 for -- was for 10 million, but the fact that the

16 Protocol of Cooperation was signed did not mean that

17 the frequency fee had actually been invoiced or paid.

18 Q Okay. Okay. So -- but by the time you had

19 written this, the government has already agreed, at

20 least the prime minister has already agreed and the

21 minister of telecommunications has already agreed to

22 pay for -- to have a lower frequency fee; is that

23 right?

24 A Agree doesn't mean that we had the

25 agreement because agreement is when the invoice are

Page 143

1 issued.

2 Q But by May 31st of 2005 there was no demand

3 from the government of Macedonia for Magyar Telekom to

4 make an immediate payment of one-third of 10 million

5 euros; is that right?

6 A I don't know what -- what you mean by an

7 immediate amount. I don't know. It doesn't say that.

8 It says what was the initial agreement.

9 Q Okay.

10 A It doesn't say the current agreement, it

11 says the initial agreement.

12 Q Right.

13 A And I'm also saying to you that the 10

14 million, there was a reference with 10 million with the

15 MVNO Kosovo business case, that was also a 10 million

16 budget item.

17 Q Okay. But MVNO, I mean, when did -- when

18 was Magyar Telekom or MakTel going to begin spending

19 money on the MVNO?

20 A That depends on when you start building or

21 constructing the MVNO network. If it was -- if it was

22 for the Greek partners, they wanted to do it as soon as

23 possible. You know, they wanted to launch this project

24 immediately. It was a very important item. There was

25 a very important item on their business agenda. They

Page 144

1 wanted to start this because it seemed them, for them,

2 it seemed to be a very good business opportunity.

3 Q But was MakTel in a position to begin doing

4 work on the MVNO immediately in May of 2005?

5 A Earmarking the budget, starting to work on

6 the business case, yes; but it doesn't say that any

7 commitment for that, or any actual activities for that

8 could start or would start. It says, what was the

9 initial agreement about. It doesn't say that it's a

10 firm commitment because it is not a firm commitment.

11 It's a business case.

12 Q So the original agreement, is it -- I guess

13 I'm confused. Is this referring to frequency fees or

14 MVNO or is it some combination of the two or you're not

15 sure which of those two to it refers to?

16 A Your last point. I'm not sure. I don't

17 remember. 10 million would cause these two things,

18 either the frequency fee or the Kosovo MVNO case.

19 Q Okay. But at this moment you're not sure

20 which one it refers to?

21 A I'm not sure.

22 Q All right. Next bullet point says,

23 naturally the original agreement should have included

24 firm commitments in respect of bylaws. So does this

25 original agreement refer to the same as the original

Page 327

Page 329

1 **Telekom and Cosmotelco or Chaptex that you were aware**  
2 **of as to how much money Cosmotelco or Chaptex would be**  
3 **paid for the consulting activities?**

4 A It was an oral agreement, probably an oral  
5 agreement or general agreement, that Chaptex and  
6 Cosmotelco will assist MakTel in the negotiations and  
7 will assist MakTel in concrete projects with concrete  
8 deliverables and concrete results.

9 I cannot recall what -- at this time, what  
10 specific date you asked. And there was a specific  
11 agreement about how much they would receive or how much  
12 they asked for, I can't recall that, in general, as the  
13 circumstances of this discussion, of these discussions  
14 and -- and this particular e-mail and the attachment.  
15 So the general understanding of mine was that it  
16 referred to various activities that had been performed  
17 during a longer period of time.

18 **Q Okay. When you refer to a "longer period,"**  
19 **can you be more precise as to when that would have**  
20 **started? Would that have begun in the spring of 2005?**

21 A I can't be very specific when it began. It  
22 -- it -- it started when the war between the government  
23 and -- and MakTel actually started. When it exactly  
24 happened, I can't tell you whether it happened in  
25 January of 2005 or only in March, I don't remember.

Page 328

Page 330

1 It was in the first quarter of 2005, and  
2 this whole activity lasted up until the third quarter  
3 of 2005, that we were in active negotiations with the  
4 government. And we were discussing actual services,  
5 activities, and projects that required outside  
6 third-party -- third-party expertise.

7 **Q Okay. So as I -- now, at this time in**  
8 **2005, am I right that there was a preexisting agreement**  
9 **between MakTel and Cosmotelco that related to**  
10 **consulting services, one that was entered into in**  
11 **October of 2004; is that right?**

12 A There was an agreement. You know, it's --  
13 it's difficult to remember specifically.

14 I don't know if you have probably an  
15 exhibit of the contract and agreement you were  
16 referring to?

17 **Q Yes.**

18 **MR. DODGE:** Can I have number 90, please,  
19 9-0.

20 (Previously marked [Exhibit 4](#) for purposes  
21 of identification.)

22 **BY MR. DODGE:**

23 **Q Yes.**

24 **I'm handing you a document that's been**  
25 **previously marked as Exhibit 4. Exhibit 4, Consultancy**

1 **Services Agreement among Telemacedonia, Matav, Chaptex**  
2 **Holdings, Limited, and Cosmotelco Telecommunication**  
3 **Services, dated 22nd October 2004.**

4 A What I recall about this agreement, and  
5 definitely -- definitely not the details -- it was in  
6 2004 October, and that this agreement was signed when  
7 the share purchase agreement with Cosmotelco was  
8 signed. So they were related contracts.

9 **Q Okay. But Exhibit 4, did -- was it your**  
10 **understanding it's a -- a three-year agreement; is that**  
11 **right. Do you understand that?**

12 A It was a multiyear agreement, yes, probably  
13 for three years, yes.

14 **Q Okay. Did you understand that Cosmotelco**  
15 **and Chaptex provided consulting services under this**  
16 **agreement, Exhibit 4?**

17 A What -- my understanding is that this was  
18 a -- a multiyear agreement of consulting availability,  
19 a kind of a retainer that was a -- that was the  
20 continuation of the services that Chaptex and  
21 Cosmotelco had been providing when they were equity  
22 partners of Matav and MakTel.

23 **Q Okay. So the -- the -- the services that**  
24 **Cosmotelco was providing in 2005 you testified about a**  
25 **few minutes ago, were any of those services provided**

1 **pursuant to the 2004 agreement, Exhibit 4?**

2 A I think the same services.

3 **Q Okay. So was there an understanding**  
4 **sometime in 2005 that Cosmotelco would provide services**  
5 **to MakTel and Magyar Telekom outside of the scope of**  
6 **Exhibit 4?**

7 A If I recall -- we have to find a text in  
8 this consulting agreement -- that the 2004 consulting  
9 agreement specifically allowed the Greeks to charge for  
10 additional services at their discretion if they  
11 believed they do not have enough resources or they do  
12 not have enough expertise as a part of this business as  
13 usual multiconsulting agreement to perform additional  
14 work.

15 **Q Okay. So was there an understanding in**  
16 **2005 that the Greeks would be doing that, that they**  
17 **would be providing services outside the scope of the**  
18 **2004 agreement?**

19 A Again, if I remember well, the general  
20 situation was that in 2004 October, there was a -- a  
21 certain nature of cooperation between the government  
22 and Macedonia that's dramatically changed sometime in  
23 2005. I cannot -- as I said a few minutes ago, I  
24 cannot specifically say when it changed, but that's  
25 what we refer to as "the war broke out between the



Page 391

1 than the -- the previously preferred -- previously  
2 referred project would continue.  
3 **Q Meaning you simply move -- move forward**  
4 **with the MVNO project?**  
5 A Move forward with the MVNO project and set  
6 aside the budget if needed, set aside the people who  
7 could work on it, in general terms.  
8 **Q But what you wrote was logistics should be**  
9 **arranged right after; you didn't write should continue**  
10 **on in its ordinary course.**  
11 **Can you understand -- explain to me why you**  
12 **would have written "should be arranged" right after?**  
13 **It sound like a discrete thing happening after another**  
14 **discrete thing.**  
15 **MR. SULLIVAN:** Objection.  
16 **THE WITNESS:** Mr. Dodge, you know, it's not  
17 my native language. Why these words are used, why  
18 other words are used, I don't know why. I can only  
19 give you my current recollection, and -- and I gave it  
20 to you.  
21 **BY MR. DODGE:**  
22 **Q Okay.**  
23 **MR. BEDNAR:** Mr. Balogh, when you traveled  
24 to Skopje --  
25 **MR. SULLIVAN:** Objection.

Page 392

1 We -- we -- we earlier requested one  
2 questioner. Mr. Balogh has been very patient. He's  
3 here testifying in a foreign language, frankly, so we  
4 prefer that if you want to ask a question, Mr. Bednar,  
5 please review it with Mr. Dodge and have Mr. Dodge ask  
6 the question.  
7 **MR. DODGE:** Well, no, actually, the rules  
8 don't -- don't prohibit Mr. Bednar from asking  
9 questions, so he can go ahead.  
10 **MR. BEDNAR:** When you travel --  
11 **MR. SULLIVAN:** Well, we're going to object.  
12 **MR. BEDNAR:** We understand that.  
13 When you traveled to Skopje to meet with  
14 Mr. Mehazi, I understand that you said that meeting did  
15 not occur.  
16 Did anyone travel with you to attend that  
17 meeting?  
18 **MR. SULLIVAN:** Over objection.  
19 **THE WITNESS:** Mr. Bednar, I don't even  
20 remember the meeting, when it took place, under what  
21 circumstances, so I -- I cannot tell you if anybody was  
22 traveling with me or not.  
23 **MR. BEDNAR:** Okay. Do you recall that you  
24 were made to sit and wait for several hours, correct?  
25 **MR. SULLIVAN:** Objection.

Page 393

1 **THE WITNESS:** I remember a meeting where I  
2 was kept waiting for several hours. Whether it was  
3 this meeting or a different meeting, I don't know.  
4 Whether I met the minister on a different occasion, I  
5 don't remember.  
6 **MR. SULLIVAN:** These questions have been  
7 asked and answered.  
8 **MR. BEDNAR:** The question --  
9 **MR. SULLIVAN:** It's cumulative.  
10 **MR. BEDNAR:** The question that I'm asking  
11 is: The meeting that did not happen, where you were  
12 forced to wait and ultimately were not able to meet  
13 with Mehazi, was anyone waiting with you?  
14 **MR. SULLIVAN:** Objection.  
15 **THE WITNESS:** I can't remember.  
16 **MR. BEDNAR:** Was any representative of the  
17 Greeks waiting with you at that meeting?  
18 **MR. SULLIVAN:** Objection.  
19 **THE WITNESS:** I can't remember.  
20 **MR. BEDNAR:** And is there any reason why a  
21 representative of the Greeks would not attend that  
22 meeting with you?  
23 **MR. SULLIVAN:** Objection, form,  
24 speculation. He can't answer that.  
25 You don't have to answer that.

Page 394

1 **MR. DODGE:** Are you asking --  
2 **MR. SULLIVAN:** How would -- how would he  
3 know?  
4 Go ahead if you can, but this is absurd.  
5 **THE WITNESS:** Because I don't remember the  
6 meeting, so I -- I don't remember if anybody else was  
7 with me, so I can't speculate if there's any reason why  
8 or why not they could or could not be there.  
9 **MR. BEDNAR:** Very well. Thank you,  
10 Mr. Balogh.  
11 (Previously marked [Exhibit 53](#) marked for  
12 purposes of identification.)  
13 **BY MR. DODGE:**  
14 **Q I'm handing you a document that's been**  
15 **marked Exhibit 53. [Exhibit 53](#) is a two-page document.**  
16 **The first page is an e-mail from Ferenc Vaczlavik dated**  
17 **August 30th, 2005, to Andras Balogh and Tamas Morvai.**  
18 **The first page is in Hungarian, Bates number MT-MAKB**  
19 **52. The second page is an English language translation**  
20 **of the first page, prepared by White and Case.**  
21 **Mr. Balogh, I'd ask you to take a look at**  
22 **[Exhibit 53](#) and tell me if this is an e-mail that you**  
23 **and Mr. Morvai -- or that you received from**  
24 **Mr. Vaczlavik on or about August 30 of 2005?**  
25 A I don't have a specific recollection of



<p style="text-align: right;">Page 395</p> <p>1 this e-mail.</p> <p>2 <b>Q Do you have any reason to believe you did</b></p> <p>3 <b>not receive it?</b></p> <p>4 A Seeing the headers, no.</p> <p>5 <b>Q Now, I'll be looking at the English</b></p> <p>6 <b>translation, and it begins, Dear Andras, Attila</b></p> <p>7 <b>informed me that according to your agreement, the two</b></p> <p>8 <b>planned Chaptex agreements should be concluded via</b></p> <p>9 <b>Telemacedonia because the direct MakTel connection</b></p> <p>10 <b>would attract too much attention.</b></p> <p>11 <b>Do you see that?</b></p> <p>12 A Yes.</p> <p>13 <b>Q Is that consistent with the Hungarian?</b></p> <p>14 A It -- it is consistent with the Hungarian.</p> <p>15 <b>Q Okay. Do you understand what the two</b></p> <p>16 <b>planned Chaptex contracts would have been referring to</b></p> <p>17 <b>at this time in late August 2005?</b></p> <p>18 A No, I don't know. I don't remember.</p> <p>19 <b>Q Okay. Do you remember that -- that the</b></p> <p>20 <b>Chaptex bylaws contract and the Chaptex labor law</b></p> <p>21 <b>contract were being finalized right around this time?</b></p> <p>22 A I don't remember, Mr. Dodge, but concerning</p> <p>23 these contracts and the Chaptex, Cosmotelco,</p> <p>24 Telemacedonia, whatever agreements, I think I have to</p> <p>25 reiterate the general theme or my general</p>	<p style="text-align: right;">Page 397</p> <p>1 outpayment associates that -- with that service.</p> <p>2 This was the task of some local personnel</p> <p>3 and probably some Telekom personnel. I can't tell you</p> <p>4 who they were exactly, but -- but they had the task</p> <p>5 that they -- and they had to put these activities</p> <p>6 subsequently after the activities had been started and</p> <p>7 had been working on into -- into contractual form.</p> <p>8 Now, to -- to do this required several</p> <p>9 complications. One of the complications and the</p> <p>10 sentence that you specifically read to me as -- as the</p> <p>11 first sentence -- was the first sentence -- I -- I read</p> <p>12 it as the first sentence, which says -- it was the</p> <p>13 direct MakTel connection would attract too much</p> <p>14 attention. It, again, recollects a general problem</p> <p>15 with these contracts. And the general problem with</p> <p>16 these contracts is that they refer to -- to consulting</p> <p>17 activities and that were to be performed vis-a-vis the</p> <p>18 government. In fact, the counterparty or -- or the --</p> <p>19 <b>THE WITNESS:</b> (Speaking in Hungarian).</p> <p>20 <b>THE INTERPRETER:</b> The -- the adversaries.</p> <p>21 <b>THE WITNESS:</b> The -- the adversary party</p> <p>22 with the government.</p> <p>23 Now, the government representatives were</p> <p>24 sitting within the board of MakTel. Obviously, to</p> <p>25 share the intention, to work against the interests, if</p>
<p style="text-align: right;">Page 396</p> <p>1 understanding.</p> <p>2 And my general understanding is that there</p> <p>3 was services provided for a long period of time. These</p> <p>4 services had to be memorialized in a -- in a contract.</p> <p>5 This was a subsequent realization of some previous</p> <p>6 intentions. They had to be put into a -- a legal</p> <p>7 framework and legal structure that needed certain</p> <p>8 activities and certain work from legal personnel and</p> <p>9 other individuals working for these companies. But</p> <p>10 these covered legitimate and performed activities that</p> <p>11 had been performed and delivered over a longer period</p> <p>12 of time.</p> <p>13 Now, there were, obviously, some</p> <p>14 administration report of these activities. And in</p> <p>15 these e-mails that -- that you are showing to me now --</p> <p>16 or this e-mail that you are showing to me now refers to</p> <p>17 how to administer, how to -- this memorialization</p> <p>18 should take place in a -- in a formal basis.</p> <p>19 Now, I was not involved figuring out how it</p> <p>20 should be done to -- to be according to the -- the</p> <p>21 requirements of local management or requirements of</p> <p>22 capital structure of the -- of the companies that were</p> <p>23 involved in the -- in the -- in the provision of</p> <p>24 services as, you know, obviously, you have to have</p> <p>25 enough capital to perform a service if -- if there are</p>	<p style="text-align: right;">Page 398</p> <p>1 you will, of the government as regulator, including</p> <p>2 some negotiation strategies, some -- some negotiation</p> <p>3 steps that could or would be part of such a document --</p> <p>4 was -- was not our interest. And this local personnel</p> <p>5 tried to find a way that could be feasible and that</p> <p>6 could be tactical.</p> <p>7 This part refers to a tactical element of</p> <p>8 that memorialization of previously and continuously</p> <p>9 provided services, while some other items that I see</p> <p>10 here, like the budget allowance at -- at Telemacedonia</p> <p>11 and -- and MakTel was financial details or financial --</p> <p>12 administrative details that had to be put into</p> <p>13 context or had to be clarified.</p> <p>14 (Previously marked <a href="#">Exhibit 54</a> marked for</p> <p>15 purposes of identification.)</p> <p>16 <b>BY MR. DODGE:</b></p> <p>17 <b>Q Okay. So just so that I understand your --</b></p> <p>18 <b>your testimony -- well, do you understand that the two</b></p> <p>19 <b>contracts being referred to, the -- the -- the bylaw</b></p> <p>20 <b>contract and the labor law contract with Chaptex --</b></p> <p>21 <b>were initially prepared with MakTel as one of the</b></p> <p>22 <b>parties and Chaptex as the counterparty; is that right?</b></p> <p>23 A It -- it could be. As I -- as I said, I</p> <p>24 don't remember the -- the specifics of these contracts.</p> <p>25 I didn't really pay attention to who the party and who</p>

Page 407

1 whether the two documents are -- are referring to the  
2 same general -- general subject matter?  
3 A (Witness reviewing document.)  
4 It refers to the -- to the same general  
5 subject matter, but I do not know whether it's the same  
6 complete subject matter.  
7 Q Okay. So the -- [Exhibit 55](#) is dated  
8 May 31st, 2005; is that right?  
9 A Yes.  
10 Q And [Exhibit 53](#) is -- is dated August 30th  
11 of 2005?  
12 A Yes.  
13 Q Can you tell me whether [Exhibit 55](#) was, in  
14 fact, signed by you in May of 2005, or was it signed at  
15 some later time?  
16 A I don't remember, Mr. Dodge, when it was  
17 signed.  
18 Q Okay. Did you ever backdate any official  
19 documents at -- at Magyar Telekom?  
20 A No, I don't backdate.  
21 Q Okay. By "backdate," what I -- just so  
22 that my -- my question is clear, what I -- what I mean  
23 by that is sign a document with a date that is earlier  
24 than the date when it was actually signed.  
25 A Sign and -- could you --

Page 408

1 THE INTERPRETER: (Speaking in Hungarian).  
2 THE WITNESS: I can't remember this.  
3 BY MR. DODGE:  
4 Q But just given your normal practice, if  
5 [Exhibit 55](#) is dated May 31st, 2005, would you be  
6 confident that you, in fact, signed it on May 31st,  
7 2005?  
8 A Mr. Dodge, a contract is entering into  
9 force when the parties agree on those contracts.  
10 Whether this agreement takes place in writing on the  
11 place at -- at the time or it takes place before, it  
12 doesn't matter. The key here and the actual result  
13 here, that the agreement is an agreement when the  
14 parties agree on their intention, whether orally or  
15 writing. Immediately, that doesn't matter.  
16 Q Okay. Now, [Exhibit 55](#) is not a contract,  
17 right?  
18 A It looks to me as a letter.  
19 Q It's a letter authorizing Mr. Kisjuhasz to  
20 enter into a contract, right?  
21 A That's right.  
22 Q And it's dated May 31st, 2005?  
23 A It is.  
24 Q Given the fact that it's dated May 31st,  
25 2005, and given your -- your normal practices when you

Page 409

1 were at Magyar Telekom, can you tell me whether you  
2 would be confident that you, in fact, signed this  
3 letter on or about May 31st, 2005?  
4 A Mr. Dodge, I don't remember when it -- when  
5 this letter was signed. I don't remember.  
6 Q Is it possible that you signed it at a  
7 later date?  
8 A I don't remember when it was signed.  
9 Q Was it your practice to sometimes sign  
10 documents on a date other than the date that's on the  
11 document?  
12 A What does it mean "practice"? What does  
13 constitute a practice?  
14 Q When you were at Magyar Telekom, you signed  
15 letters such as [Exhibit 55](#), right?  
16 A It wasn't very often that, actually, we had  
17 to sign hard-copy letters.  
18 Q But sometimes you did, right?  
19 A I wouldn't rule out that sometimes we had  
20 to sign a hard-copy letter.  
21 Q Okay. And did -- was -- did you have a --  
22 a normal course of dealing when signing letters that  
23 you would sign them on the date that they were -- that  
24 was on the letter, or did you sometimes use a different  
25 date?

Page 410

1 A Mr. Dodge, it depends on -- on the letter.  
2 Q Let me put it to you this way: Let me  
3 propose to you that [Exhibit 55](#) was, in fact, signed by  
4 you sometime on or after August 31st, 2005, and despite  
5 that, it was dated May 31st, 2005.  
6 If that were true, would that be consistent  
7 or inconsistent with your normal practice at Magyar  
8 Telekom?  
9 A I can't call it a normal practice, because  
10 it wasn't a normal practice to sign letters. It's not  
11 a hard-copy environment. It's not a hard-copy world.  
12 Even nine years ago, it wasn't a real hard-copy world.  
13 It could happen in certain cases, but I cannot call  
14 this a practice.  
15 Q Okay. Under what circumstances would you  
16 sign a letter that had a date on it three months  
17 earlier from when you actually had signed it?  
18 A I don't know. It depends on the  
19 circumstance, and it depends on the actual case.  
20 Q Can you think of any circumstance under  
21 which that would be appropriate?  
22 A What do you mean by "appropriate"?  
23 Q Do you have an understanding what the word  
24 "appropriate" means? Should we get a translation?  
25 A Yes.

<p style="text-align: right;">Page 411</p> <p>1 <b>THE INTERPRETER:</b> (Speaking in Hungarian).</p> <p>2 <b>THE WITNESS:</b> Mr. Dodge, you know, 'if I</p> <p>3 understand what you want, you want me to give you an</p> <p>4 example when such a thing could be possible?</p> <p>5 <b>BY MR. DODGE:</b></p> <p>6 <b>Q Yes.</b></p> <p>7 A If -- you know, I can try to think an</p> <p>8 example today, but that has no reference to what</p> <p>9 happened in May or August or whatever, nine years ago.</p> <p>10 I can think of an example now.</p> <p>11 Would you like to hear that example?</p> <p>12 <b>Q Yes, please.</b></p> <p>13 A So if there was an agreement about</p> <p>14 something or if there was an information to be passed</p> <p>15 to someone in a -- in a letter format and if it</p> <p>16 happened, let's say, in September, because that</p> <p>17 particular person or that particular company got this</p> <p>18 information either as an e-mail, as a fax, or as an</p> <p>19 oral information; and if for any reasons the -- the</p> <p>20 persons who were not present had to sign the actual</p> <p>21 physical copy or hard copy of that paper, it could be</p> <p>22 possible that the actual signature was put on the paper</p> <p>23 retroactively.</p> <p>24 <b>Q Would it be the normal practice at -- at</b></p> <p>25 <b>Magyar Telekom if a signature is applied retroactively</b></p>	<p style="text-align: right;">Page 413</p> <p>1 occasions when a date on a -- on a document. If I was</p> <p>2 aware that a performance was needed, was delivered, and</p> <p>3 was agreed before took place, then I really didn't --</p> <p>4 didn't care about the other formal elements -- elements</p> <p>5 of the contract.</p> <p>6 <b>Q Okay. Would you agree with me that a</b></p> <p>7 <b>contract is a -- an official business record of -- of</b></p> <p>8 <b>Magyar Telekom or of MakTel?</b></p> <p>9 A A contract is -- is -- is a business record</p> <p>10 of -- of Magyar Telekom. Magyar Telekom, if -- if you</p> <p>11 refer to the contracts, Magyar Telekom defines</p> <p>12 contracts -- I mean, Magyar Telekom does not define</p> <p>13 contracts. In Hungarian law may define -- or Hungarian</p> <p>14 law does define contracts.</p> <p>15 A contract or an activity is -- is not</p> <p>16 necessarily subject to the formal written, final</p> <p>17 version of a -- of a -- of a contract.</p> <p>18 If -- if I recollect my memories concerning</p> <p>19 contracts that were formalized after the activity</p> <p>20 started, the most striking example that -- that comes</p> <p>21 to my mind in this deposition is a contract Magyar</p> <p>22 Telekom had with White and Case to do this</p> <p>23 investigation when White and Case started to work much</p> <p>24 before any written contract, any written information,</p> <p>25 any details about the targets, about the means, and</p>
<p style="text-align: right;">Page 412</p> <p>1 <b>to a document to indicate somewhere in the document</b></p> <p>2 <b>that -- that the signature was retroactive? To use,</b></p> <p>3 <b>for example, as of a date?</b></p> <p>4 A I -- I -- I cannot say what a practice at</p> <p>5 Magyar Telekom was concerning hard-copy letters and</p> <p>6 hard-copy contracts, because it wasn't a practice. It</p> <p>7 happened in certain cases and -- and as something</p> <p>8 happens, you can't call it a practice.</p> <p>9 <b>Q Okay. What about the contracts between</b></p> <p>10 <b>the -- the consulting contracts with Chaptex that we've</b></p> <p>11 <b>been discussing that were entered into in 2005; do you</b></p> <p>12 <b>know whether any of them were -- were given dates</b></p> <p>13 <b>earlier than when the contracts were prepared?</b></p> <p>14 A Mr. Dodge, I was not really involved in the</p> <p>15 dates and the details of the contracts. I was involved</p> <p>16 in the -- in the general framework of defining the need</p> <p>17 for a contract, defining the general scope of</p> <p>18 activity -- of an activity, and assessing whether or</p> <p>19 not the results of an agreement had been achieved or</p> <p>20 not on a broad high strategic level as one of the</p> <p>21 senior executives of this company.</p> <p>22 Whether or not the technical details --</p> <p>23 signatures, dates, whatever -- were -- were used, I</p> <p>24 didn't pay attention. I -- I don't remember if I -- if</p> <p>25 I ever thought of it as an issue. I can't recall any</p>	<p style="text-align: right;">Page 414</p> <p>1 about any of the details of this investigation had been</p> <p>2 communicated, shown, or sent to executives at Magyar</p> <p>3 Telekom.</p> <p>4 And, actually, I know -- I know that the</p> <p>5 contract with White and Case had been signed at a later</p> <p>6 stage than they actually prefer, started to work for</p> <p>7 Magyar Telekom.</p> <p>8 In fact, I also know that the -- the</p> <p>9 version that was signed this way was not signed in the</p> <p>10 proper way, because the person who signed the</p> <p>11 engagement letter, or the contract, for White and Case</p> <p>12 was not authorized to sign the contract.</p> <p>13 So in this respect, if you wanted to a --</p> <p>14 a -- a non -- nonfiction example of such a contract,</p> <p>15 backdating, according to your terminology, it's -- it's</p> <p>16 an example of that.</p> <p>17 <b>Q How do you know that about the White and</b></p> <p>18 <b>Case is contract?</b></p> <p>19 A There were actually discussions within</p> <p>20 senior management of Magyar Telekom after -- well after</p> <p>21 the investigation started that how -- under what</p> <p>22 circumstances and how these contracts had been signed</p> <p>23 or -- or entered into force.</p> <p>24 I also remember the person who explained to</p> <p>25 me about this was somebody from the legal department of</p>